

Members with Outstanding Loans



Active Employees with Loans

If you have an outstanding loan from the Cincinnati Retirement System (CRS), be advised that **ONLY** full payments can be deducted from your paycheck. If you are in a non-pay status, **OR** your earnings are substantially lower than normal, the full loan repayment amount cannot be collected from your paycheck. Interest will continue to accrue on the unpaid loan balance until the loan is paid in full.

When an employee is in a non-pay status for more than 1 pay period up to 90 days, CRS will reset their biweekly loan repayment amount to ensure that all monies due for repayment of the loan (including accrued interest) are collected by the original loan due date. In other words, the biweekly deduction for the loan repayment will increase upon the employee's return to paid service, to compensate for the missed payments.

If an employee is in a non-pay status for more than 90 days, CRS will then notify the employee that they have 90 days to pay off their loan balance. If the loan is not paid within that time period, CRS will collect the outstanding loan balance by actuarially reducing future pension benefits and issue a 1099 for the unpaid loan balance (in accordance with IRS regulations).

Employees can pay off an outstanding loan balance at any time, prior to the due date specified, without penalty.

Employees who are Retiring with Loans

Loans held by employees who are retiring from active employment **MUST** be paid off by the earlier of:

- 1) The original payoff date; **OR**
- 2) 12 months from the employee's Retirement effective date.

At the time of the employee's retirement, outstanding loans can be repaid through the following methods:

- 1) Monthly pension payroll deduction not in excess of 12 months; **OR**
- 2) One time deduction from your lump sum payout of accrued vacation & unused sick leave at retirement; **OR**
- 3) Distribution from your Deferred Compensation (457 Plan); **OR**
- 4) One time payment from other personal sources; **OR**
- 5) Any combination of the above methods; **OR**
- 6) Permanent actuarial reduction of monthly pension benefits.

Employees who Resign, are Laid Off, or Terminated

Loans held by employees who separate from service other than through retirement **MUST** be paid off within 90 days of the employee's termination of employment.

At the time of the employee's separation, outstanding loans can be repaid through the following methods:

- 1) One time deduction from the employee's lump sum payout of unused accrued vacation time; **OR**
- 2) Refund of accumulated pension contributions (voids rights to a monthly pension); **OR**
- 3) Distribution from your Deferred Compensation (457 Plan); **OR**
- 4) One time payment from other personal sources; **OR**
- 5) Any combination of the above methods; **OR**
- 6) Permanent actuarial reduction of monthly pension benefits.